United States Department of Agriculture

Foreign Agricultural Service

FACT SHEET

U.S.-Panama Trade Promotion Agreement t
Minnesota Farmers Will Benefit

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The U.S.-Panama Trade Promotion Agreement eliminates tariffs and other barriers on most U.S. goods, increasing export opportunities for agricultural products important to Minnesota. With immediate elimination of duties on over 60 percent of current U.S. trade, this agreement changes the one-way street of duty-free access currently enjoyed by most Panamanian exports into a two-way street benefiting both countries. The American Farm Bureau strongly supports the agreement, predicting widespread gains for U.S. agriculture exceeding $190 million per year.

Minnesota's exports to all countries, estimated at $3.6 billion in 2007, supported about 35,300 jobs, on and off the farm. These export sales make an important contribution to the Minnesota farm economy which had total cash receipts of $9.7 billion in 2006.

Pork. Pork is the second largest source of farm cash receipts reaching sales of $1.8 billion in 2006 or 18 percent of the state's total. Pork producers will benefit from this agreement.

- Panama will provide immediate duty-free access within preferential tariff-rate quotas (TRQs) for 2,554 tons of U.S. pork products, including 1,600 tons of fresh and frozen pork cuts, 636 tons of pork fat and bacon, and 318 tons of processed pork. Most of these products currently face tariffs of 70 percent. The TRQ quantities will expand and the over-quota tariffs will be eliminated in 15 years.
- Panama will also eliminate its 10-percent tariff on pork variety meats immediately on entry into force of the Agreement.
- In addition, Panama has already implemented our December 2006 bilateral agreement on sanitary and phytosanitary (SPS) measures by recognizing the equivalence of the U.S. meat inspection system, allowing U.S. inspectors to certify pork for export to Panama without having each facility and shipment inspected by Panamanian authorities.
- The National Pork Producers Council supports the Agreement, saying "This agreement will contribute greatly to the bottom line of U.S. pork producers by opening up new market access to more than 3 million additional consumers in the Western Hemisphere."

Feed Grains. Minnesota is the nation's fourth largest exporter of feed grains and products, and corn with sales on $2 billion in 2006 is the state's largest source of farm cash receipts. Feed grain producers will benefit from this agreement.

- Panama will provide immediate duty-free access within a TRQ for 298,700 tons of U.S. corn that will grow at a rate of 3 percent each year. The 40-percent over-quota tariff will be eliminated in 15 years.
- Panama's current zero-tariff treatment for barley and barley malt will be locked in place immediately upon implementation of the Agreement.
- The current zero-tariff treatment for crude corn oil will be locked in place immediately and Panama will provide immediate duty-free access for refined corn oil within a 368-ton TRQ that grows each year by 5 percent. The 30-percent over-quota tariff will be phased out within 10 years.

Soybeans and Products. Panama is the twelfth largest export market for U.S. soybean meal with exports for the most recent three years averaging 109,000 tons valued at $24.7 million. Minnesota is the third largest exporter of soybeans and products in the nation with sales estimated at $1 billion in 2007. Soybeans are the third largest source of farm cash receipts for the state. Soybean producers will benefit from this agreement.

- Panama's current zero-tariff treatment for soybeans and soybean meal will be locked in place immediately upon implementation of the Agreement.
- The current zero-tariff treatment for crude soybean oil will also be locked in place immediately, while the 20-percent tariff on refined soybean oil will be phased out in 15 years.

Dairy Products. Dairy products are the state's fourth largest source of farm cash receipts ($1 billion in 2006). The Panama agreement will help the dairy industry.

- U.S. exporters will have immediate duty-free access to nine preferential dairy TRQs with a combined total of 3,986 tons. These include 2,625 tons of skim milk powder, 728 tons of cheese, 263 tons of ice cream, and 370 tons of other dairy products. These quantities will grow by 4 or 5 percent each year and the over-quota tariffs for these TRQs, which range from 15 percent for ice cream to 50 percent for milk powders, will be phased out in 15 to 17 years.
- U.S. dairy exporters will continue to have access to the global TRQs for 3,830 tons of milk powder and 3,782 tons of cheese that are part of Panama's World Trade Organization commitments.
- Panama will eliminate its 30-percent tariff on dried whey products immediately. The tariffs on most other dairy products, which currently face duties as high as 140 percent, will be phased out over 15 years.
- In addition, Panama has already implemented our December 2006 bilateral

agreement on SPS measures and technical standards by recognizing the equivalence of the U.S. food safety systems for processed foods, including dairy products, and by streamlining its product registration system for packaged foods. This will allow U.S. food processors to export dairy products to Panama without burdensome paper work and without having each facility and shipment inspected by Panamanian authorities.
- The National Milk Producers Association supports the Agreement, noting that "Panama imports nearly half its dairy products, and the U.S. stands to become a larger supplier once the FTA is finalized."

Beef. Minnesota's cattle and calf industry generated farm cash receipts of $925 million in 2006, and is the fifth largest agricultural earner in the state. Beef producers will benefit from this agreement.

- Panama will immediately eliminate its 30-percent duty on beef products of most importance to the U.S. beef industry--prime and choice cuts. Panama's tariffs on other cuts of beef will be phased out over 15 years.
- The 10-percent tariff on beef tongues and livers will be eliminated in 5 years, and the 15-percent tariffs on other edible offal will be eliminated immediately.
- Panama has already implemented our December 2006 bilateral agreement on SPS measures, reopening its market to U.S. beef by bringing its import requirements related to BSE into compliance with international standards.
- Panama also accepted the equivalence of the U.S. meat inspection system, which allows U.S. inspectors to certify beef for export to Panama without having each facility and shipment inspected by Panamanian authorities.

Wheat. As the seventh largest exporter of wheat and wheat products in the nation, Minnesota will benefit from this agreement.

- Panama's current zero-tariff treatment for wheat will be locked in place immediately upon implementation of the Agreement.
- The 10-percent tariff on wheat flour will be eliminated within 12 years.

Vegetables. Minnesota is one of the largest exporters of fresh and processed vegetables in the nation. Sweet corn and other vegetable growers stand to gain from this agreement.

- Panama will eliminate its tariffs on nearly all frozen and processed vegetables immediately. The current tariff on these products is 15 percent.
- The tariffs for most fresh vegetables will be eliminated in 10-15 years.
- Panama will eliminate its 15-percent tariffs on frozen and canned sweetcorn immediately.
- Panama will provide immediate duty-free access within a preferential TRQ for frozen precooked French fries that starts at 3,640 tons and grows each year by 4 percent. The 20-percent over-quota tariff will be eliminated in 5 years.